



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET



WORLD BANK GROUP
Development Finance

GEF/R.08/24
February 28, 2022

Interim Meeting for the Eighth Replenishment of the GEF Trust Fund
March 8-9, 2022
Virtual Meeting

**UPDATE ON THE INTEGRATED PROGRAM ON ELIMINATION OF
HAZARDOUS CHEMICALS FROM SUPPLY CHAINS ¹**
(PREPARED BY THE GEF SECRETARIAT)

¹ For additional details on this Integrated Program, please consult GEF/R.08/05, *GEF-8 Programming Directions*, https://www.thegef.org/sites/default/files/2021-11/EN_GEF.R.08.05_GEF8_Programming_directions.pdf

TABLE OF CONTENTS

Integrated Program on Elimination of Hazardous Chemicals from Supply Chains	1
Introduction.....	1
Program Approach	1
Country Participation	3
Platform for Stakeholder Engagement.....	3

INTEGRATED PROGRAM ON ELIMINATION OF HAZARDOUS CHEMICALS FROM SUPPLY CHAINS

Introduction

1. Many participants at the Third Replenishment Meeting called for the Integrated Program on Elimination of Hazardous Chemicals from Supply Chains to be reinstated in the GEF-8 Programming Directions Document. This brief note provides a summary of the program as originally conceived, with some revisions made based on comments from participants to strengthen the approach to integration.

2. The overall goal of this IP is to tackle chemical pollution, reduce greenhouse gas emissions, promote nature-based solutions, and contribute to biodiversity protection and conservation in the fashion and construction supply chains through integrated solutions. The fashion and construction supply chains are specially targeted because of the magnitude and scale of their impact on the global environment. Both supply chains are characterized by their global scale; materials and products produced overall several and diverse geographic regions and countries; informality, fragmentation, complexity, and lack of availability of options for sustainable solutions.

3. There is growing evidence that these two supply chains contribute to significant environmental degradation caused using hazardous chemicals as well as being major drivers for deforestation, biodiversity loss, land degradation and emission of greenhouse gases. In the construction industry, the impact is driven largely through the extensive use of metals, timber, cement, paint, and additives; and in the fashion industry through textiles (natural and synthetic), leather, metals, natural and synthetic accessories, cosmetics, and beauty products.

4. Existing work to advance environmental sustainability in these supply chains focus primarily on climate change and increasingly on biodiversity. There is however little evidence that significant progress is made to integrate the elimination of hazardous chemicals and materials, particularly those controlled by the Stockholm and Minamata Conventions and relevant to Strategic Approach to International Chemicals Management and the Montreal Protocol that would be critical to facilitating circularity. The proposed IP seeks to address this need by focusing specifically on supply chains in the construction and fashion industry.

Program Approach

5. The focus on elimination of hazardous chemicals from the construction and fashion supply chains is anchored within the Chemicals and Waste focal area, with explicit links to the Biodiversity, Climate Change and Land Degradation focal areas. The integrated approach considers all actors and stakeholders associated with the supply chains, including the production and demand for resources that are the major drivers of environmental degradation. Central to the IP is the notion of “materials as the convener,” emphasizing the need to seeks to create circular

and closed loop supply chains that are nature-positive, carbon-neutral, and with free of hazardous chemicals.

6. The most influential actors along these supply chains are governments, international organisations, financial institutions, and major market players, who are primarily acting at the financing stage and the planning and design stage of the construction value chain. The key decisions made at these stages largely shape the activity along the rest of the value chain.

7. For the fashion and construction sectors to become sustainable, circular approaches along with behavioural change of consumers and businesses combined with green and cleaner production will be required. To achieve this goal, eliminating hazardous chemicals and materials is critical to transforming these supply chains. The IP will also facilitate global coordination along these supply chains to ensure actions are coordinated.

8. The program will be delivered through the following two interrelated and linked objectives:

Advancing policy coherence for the management of sustainable supply chains

9. The lack of transparency in the supply chains of materials is a major barrier for decision making by key actors along the supply chain including governments, and the private sector including the finance sector. Supporting harmonized regulatory systems, environmental standards and access to finance allow for more uniform management of supply chains to prevent release of hazardous chemicals, protection of biodiversity, reduction of land degradation, reduction of emissions of greenhouse gases and prevention of water pollution at all stages of the life cycle. This allows regulatory certainty that facilitates private sector innovation within a stable regulatory environment leading to the creation of green business to business (B2B) partnerships.

Green by Design

10. Ensuring there is responsible sourcing of materials and products within supply chains will be critical. This can be achieved through innovations such as green and sustainable chemistry, 3Rs (Reduce, Reuse and Recycle) circularity and Nature-based Solutions for redesign of materials and products used in the fashion industry; by advancing agriculture practices that do not drive deforestation, exacerbate threats to wildlife, contribute to land and soil degradation, or use hazardous chemicals where possible; through efficient materials recovery from fashion products, including fiber recovery and materials recovery from buildings and another built environment; and by designing out harmful materials including microplastics from supply chains.

Country Participation

11. The selection criteria for countries and supply chains to be relevant for this program will focus on:

- Countries that can demonstrate the large global environmental benefits for at least the Stockholm or Minamata Conventions.
- Supply chains that have the highest percentage of hazardous chemicals will be prioritized.
- Projects must at a minimum have global environmental benefits for chemicals and waste MEAs and meet multiple global environmental benefits under other MEAs including CBD, UNFCCC and UNCCD.
- Projects that can bring together the major private sector partners that are engaged in the supply chain or sub-supply chain.
- Projects that use regenerative design, implement reverse logistics and green procurement as a base component to transform the supply chains.
- Projects that can influence behavioral changes in consumer, private sector, and government to facilitate responsible sourcing of materials and products.

Platform for Stakeholder Engagement

12. The IP will foster engagement with various global and regional platforms initiatives and alliances to strengthen collaboration, cooperation, and coordination with them. Engagement and participation by the private sector will be key as both instrument of change and a beneficiary of change in the supply chains. A detailed mapping of each supply chain will identify the best entry points for engagement. There will be opportunities to create new enterprises, including women led and owned businesses in each supply chain that adhere to a green/sustainable business model.